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The direct tax in 1915

Albany [N.Y.]

[1916?]

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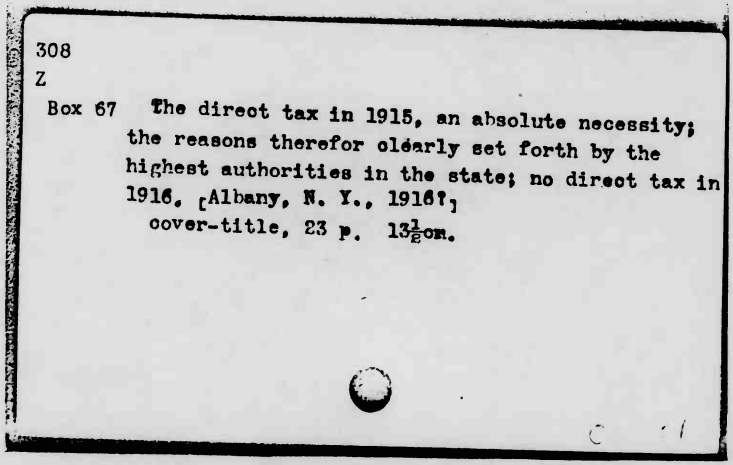
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Box 67 The direct tax in 1915, an absolute necessity; the reasons therefor clearly set forth by the highest authorities in the state; no direct tax in 1916. [Albany, N. Y., 1916?]
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[Form 9]

The Direct Tax

In 1915

An Absolute Necessity

THE REASONS THEREFOR

Clearly Set Forth

by the

Highest Authorities in the State

NO DIRECT TAX 1916

THE DIRECT TAX IN 1915

ABSOLUTELY NECESSARY

The three elective officials charged with the administration of the finances of the State and of New York City, and thoroughly familiar with them, are:

Governor Whitman,
State Comptroller Travis,
Comptroller Prendergast of New York City.

Governor Whitman has devoted himself assiduously to a study of the subject to ascertain the smallest possible amount of money that will suffice to run the State government and clear up the heritage of debt left by his predecessor.

Comptroller Travis as chief financial officer of the State immediately upon taking office made a thorough investigation of the State's financial condition and ascertained that there was not enough money in the State Treasury to run the State's business without borrowing money.

City Comptroller Prendergast, as the chief financial officer of the City of New York, made a special study of the subject with the assistance of a number of experts from his office, to determine if it would be possible to avoid the levying of a direct State tax and thereby relieve his city of the burden of a State tax in addition to the very heavy one it is bearing in the form of local taxation.

The word of each of these men on this subject is entitled to the consideration and respect of every taxpayer.

The unanimous opinion of these men ought to settle finally the question of whether or not a direct State tax

to raise $19,500,000 to carry on the business of the State is necessary.

All of them agreed that this tax was ABSOLUTELY NECESSARY.

READ WHAT THEY SAY:

GOVERNOR WHITMAN'S MEMORANDUM

Executive Chamber, Albany, May 22, 1915.

"I have vetoed items to the total amount of $2,565,360.43 in the Appropriation and Re-Appropriation Bills submitted to me by the Legislature. In order to arrive at a conclusion as to my action on the thousands of items included in these measures, I have held many public hearings at which department heads and other officers of the State, representatives of the governments of the city of New York and other cities of the State, and of civic bodies, were invited to attend. My action in every instance has been governed by the facts which have been laid before me as to the necessity of the appropriations sought. When I took office, I found the finances of the State exhausted through failure of the previous administration to provide means for the payment of its obligations, and the State departments hampered and embarrassed by the further failure to make proper provision for their maintenance and operation.

"Either because of ignorance of the actual situation or deliberate intent to shield the previous administration from criticism, the sponsors of that administration have furnished the public press with statements which, were it not for the possible effect on the minds of the persons who read them, might properly be ignored.

APPROPRIATIONS REPRESENT NECESSITIES

"I wish here to set forth as definitely and as concisely as possible my answers to the criticisms that have been raised. In the first place, I wish to assure the people of the State that the appropriations which I have approved represent necessities that are actual and that the total of these appropriations, no matter what the amount, gives opportunity only for carrying out the functions of the State with decency and the maintenance and protection of structures, canals, and highways against wasteful deterioration.

"In addition to the misinformation as to the appropriation needs of the government, there has been an equally vigorous campaign of misinformation waged with respect to the source from which these appropriations shall be paid. For instance, in order to avoid provision for the annual interest and sinking fund charges of the State, the Governor and the Legislature have been asked to violate the Constitution and the contractual relations with persons who have bought State bonds.

"In place of making proper provision for the appropriations required to continue canal construction, I have been urged to violate the Constitution and the finance law of the State by permitting the creation of a debt for this purpose dependent for its liquidation on the outcome of a referendum to be voted upon at the next election, instead of complying with the requirements of the Constitution and making this a charge against the general fund, with the attendant necessity for providing for its payment out of general fund resources. Irrespective of my own judgment on these suggestions, each one has been submitted to the Attorney-General, who is my legal adviser, and each has been rejected by him as unlawful.

PLAUSIBLE BUT FALLACIOUS

"Of all the plans for avoiding the necessity for a direct tax, the most plausible was presented to me at a public hearing by the Acting Mayor of New York City. His suggestions, presented, I am sure, in perfect sincerity, were:

"(1) That the sinking fund charges of $9,090,020.92 be levied directly upon the county treasurers by the State Comptroller without legislative action;

"(2) That the appropriation of $3,654,000 for carrying out existing contracts for the Barge Canal should be financed with borrowed money;

"(3) That the indirect revenues of the current year will so far increase in the coming four months as to offset the $5,000,000 loss in the last eight months;

"(4) That the Governor could cut out $2,500,000 in the Appropriation Bills in addition to the reductions already made.

"I wish to point out the fallacies in this program. The first suggestion does not avoid any part of the direct tax, but merely provides a change in the method of collecting it. The effect upon the people of the State would be precisely the same in both cases. In fairness, I must say that no claim was made that this plan offered a means of exempting the people of the State from paying sinking fund charges on their bonds. Its purpose was to provide a way of collecting the money in case I should see my way clear to veto the $19,500,000 direct tax. But I am advised by the Attorney-General that there are grave legal difficulties in the way of adopting it, even though the remaining $10,000,000 of the direct tax should be proved unnecessary.

ANOTHER OBJECTIONABLE EXPEDIENT

"The second suggestion is equally objectionable. It is to the effect that drafts could be made upon the bonds of The J. R. Shanley Estate Company taken in settlement with the sureties of The Shanley-Morrissey, Inc., on Barge canal contracts, which have been defaulted by the contractors, which was claimed upon the argument before me to aggregate $1,800,000. The answer to this is that the State owns no such bonds.

"The Shanley-Morrissey, Inc., the defaulting contractors, have been adjudicated bankrupt, and the estate distributed in bankruptcy.

"To secure the faithful performance of their contracts, they gave surety company bonds to the State aggregating not $1,800,000, as contended, but $469,716, which amount is the aggregate security which the State owns.

"The surety companies writing these bonds are either in the hands of receivers or have repudiated their liability. The surety companies, however, when they executed these bonds to the State, took indemnity to protect themselves against liability, which is now reduced to the bonds of the J. R. Shanley Estate Company aggregating $469,600, and it is proposed that they turn over these bonds, plus interest received thereon and dividends received from the Shanley-Morrissey, Inc., in bankruptcy, aggregating $40,714.32, in full settlement of the State's claim against them by reason of their suretyship.

"Acts of the Legislature have been passed authorizing the canal board to make this settlement, if the board deems it to be for the best interests of the State. This settlement has not yet been made, but if it had been and the bonds and cash were now the property of the State, they would not be available for the purpose of this appropriation until an act of the Legislature should be passed and approved by the Governor appropriating the money for that purpose.

"It was further suggested that in default of using this money we could mortgage future revenues in the expectation that the people will vote next Fall in favor of the barge canal bond issue. This suggested procedure, as I am informed by the Attorney-General, is also illegal.

"The third point, based on the optimistic view that the State can make up in four months what its indirect revenues lost in eight months, has no support either on the books of the State Comptroller or any reasonable financial expectation.

SPURIOUS ECONOMY

"The fourth point was supported by concrete suggestions of appropriations to be vetoed. These suggestions involved cutting out such provision for the increased population of the State institutions as I have felt to be absolutely necessary this year. The inevitable consequence of such spurious economy would be to increase to an inhuman degree the already serious condition of overcrowding in such institutions of the State, and to force out on parole many hundreds of dangerous persons who are not cured of their insanity and who should be under restraint for the protection of themselves and the communities in the State to which they are returned. I feel sure that on further consideration the Acting Mayor of New York City would not advocate such a policy.

"I am sure that the only proper course is to provide consistently and continually for the increasing number of such wards; and I must therefore decline to accept suggestions looking toward the elimination of construction

which will provide such necessary additional accommodations.

"In the same way, I have rejected the suggestion to deprive the canals of adequate funds for maintenance and operation. The State has an enormous investment in these canals and neglect of them would mean a loss entirely out of proportion to the amount necessary to keep them in order. It should be remembered in this connection that the new barge canal, because of its size and the complex mechanism of its operation, will from the start be more expensive to operate and maintain than the old canal which it will ultimately displace.

NO DISCRIMINATION AGAINST N. Y. CITY

"Practically all of the criticism and misinformation and suggestions for illegal budget making and false economy have come from the city of New York. The subject of the State budget is of great importance to the city because seventy per cent. of the direct tax necessary to finance the State appropriations is raised within the Greater City, and becomes an item in the city's annual budget. The citizens of New York City should not forget that, whatever the expenses of the State, the largest items are for the maintenance of State institutions, canals, the department of education and the highways.

"The inmates of State institutions almost to the percentage represented by the tax borne by the city of New York are from that city. The maintenance of the canal is of benefit almost exclusively to the cities of New York and Buffalo. I think I am safe in saying that the proportion of benefit to the city of New York is fully equal to the proportion of its cost which the city pays.

"The expense of the Department of Education includes a large sum annually paid directly into the Treasury of

the city of New York. A very large percentage of the expense for the normal schools is represented in preparation of teachers who find their service in the New York City schools.

"A statement could be prolonged indefinitely showing the intimate relations of the State departments to the citizens of the municipality of New York. I feel that the citizens of my own municipality should clear their minds of the impression which seems to prevail that their share of State expenses means a complete loss to themselves, and realize that the expenditure of State appropriations is returned to them practically to the extent of their share in their payment.

"The Supply Bill, the Construction Bill, and other special bills to meet the needs of the State within the current fiscal year, also the Appropriation Bill to provide for the new fiscal year beginning October 1, 1915, and the bills to provide the sinking fund charges for the new fiscal year, which were transmitted to me by the Legislature are here grouped in accordance with the principal State activities, as follows:

Statement "A"

Department	Supply Bill	Construction and Special Bills	Appropriation Bill	Total
Executive	$18,600 00		$90,550 00	$109,150 00
Administrative	185,985 71	$465,000 00	1,350,765 00	2,001,750 71
Legislative	651,186 71	582,500 00	1,252,835 00	2,486,521 71
Judicial	157,453 03		1,808,480 00	1,965,933 03
Regulative	264,112 62	1,178,542 37	2,941,376 03	4,384,031 00
Educational	360,334 68	229,580 00	8,754,490 00	9,344,404 68
Agricultural	1,331,667 17	693,387 38	1,596,546 80	3,621,601 35
Defensive	400,894 01	913,793 88	659,410 00	1,974,097 89
Penal	158,136 59	361,935 18	1,582,100 00	2,102,171 77
Curative	628,928 09	1,176,500 00	6,648,505 00	8,453,933 09
Charitable	109,130 25	890,107 96	3,096,630 00	4,095,868 21
Protective	286,829 94	76,477 58	1,063,500 75	1,426,808 27
Constructive	22,551 06	6,381,277 01	470,900 00	6,874,728 07
General	243,002 61		849,810 00	1,092,812 61
Miscellaneous	298,808 45	35,313 69		334,122 14
Canal Fund	475,354 32	473,726 17	1,103,835 00	2,052,915 49
Canal Construction Special		3,654,000 00		3,654,000 00
Saratoga Springs Reservation		135,027 08		135,027 08
Total	$5,592,975 24	$17,247,168 30	$33,269,733 58	$56,109,877 12
Sinking Funds			9,090,020 92	9,090,020 92
Grand Total				$65,199,898 04

"The totals as approved by me are as follows:

Statement "B"

Department	Supply Bill	Construction and Special Bills	Appropriation Bill	Total
Executive	$18,100 00		$90,550 00	$108,650 00
Administrative	178,194 77	$465,000 00	1,330,285 00	1,973,479 77
Legislative	651,186 71	580,000 00	1,127,835 00	2,359,021 71
Judicial	136,736 50		1,807,280 00	1,944,016 50
Regulative	192,292 44	1,178,542 37	2,930,876 03	4,301,710 84
Educational	360,334 68	220,000 00	8,749,490 00	9,329,824 68
Agricultural	1,253,717 17	552,248 00	1,517,596 80	3,323,561 97
Defensive	364,882 98	913,793 88	659,410 00	1,938,086 86
Penal	141,924 90	173,735 18	1,582,100 00	1,897,760 08
Curative	625,537 58	1,016,500 00	6,638,505 00	8,280,542 58
Charitable	80,197 75	527,357 96	3,088,280 00	3,695,835 71
Protective	284,357 22	58,056 98	1,063,500 75	1,405,914 95
Constructive	22,551 06	6,246,777 01	470,535 00	6,739,863 07
General	233,002 61		730,610 00	963,612 61
Miscellaneous	243,050 29	30,313 69		273,363 98
Canal Fund	471,854 32	383,000 00	1,101,835 00	1,956,689 32
Canal Construction Special		3,654,000 00		3,654,000 00
Saratoga Springs Reservation		135,027 08		135,027 08
Total	$5,257,920 98	$16,134,352 15	$32,888,688 58	$54,280,961 71
Sinking Funds			9,090,020 92	9,090,020 92
Grand Total				$63,370,982 63

"The re-appropriations as submitted to me and as approved are shown in the following:

Statement "C"

Reappropriation Bills

Departments	As presented	As approved
Executive	$339 84	$339 84
Administrative	42,198 62	41,398 62
Legislative	50,197 04	50,197 04
Judicial	32,555 02	32,555 02
Regulative	709,837 97	672,553 49
Educational	241,957 37	203,303 82
Agricultural	556,699 35	499,658 38
Defensive	93,080 55	64,322 18
Penal	40,769 03	36,859 17
Curative	1,098,364 97	1,030,877 59
Charitable	1,195,371 53	1,051,984 91
Protective	774,838 48	731,158 16
Constructive	987,112 79	713,651 59
General	115,384 48	73,402 20
Totals	$5,938,707 03	$5,202,262 01

"The following is a recapitulation of the preceding statements, showing the items in gross and the total amount of the items vetoed:

Recapitulation

	As Submitted to the Governor	As Approved by the Governor	Amount of vetoes
Supply Bills	$5,592,975 24	$5,257,920 98	$335,054 26
Special Bills	17,247,168 30	16,134,352 15	1,112,816 15
General Appropriation Bill	33,269,733 58	32,888,688 58	381,045 00
Sinking Funds	9,090,020 92	9,090,020 92	
Total	$65,199,898 04	$63,370,982 63	$1,828,915 41
Re-appropriation Bills	5,938,707 03	5,202,262 01	736,445 02
Grand Total	$71,138,605 07	$68,573,244 64	$2,565,360 43

MAKING GOOD LAST YEAR'S SHORTAGES

"The larger appropriations of the present year represent not only increased cost of government, due to new activities or increased cost of existing activities, but also grow out of the failure of the preceding administration to appropriate sufficient funds to meet departmental necessities. The failure to grant these allowances relieved the preceding administration of responsibility for providing resources to meet them by the amount of the cuts made but increased the burden of the present administration to the extent that resources must now be provided to finance the new appropriations granted to make up these deficiencies.

"Some of the larger items of appropriations for new activities and to meet deficiencies are the following:

Permanent betterments	$4,000,000 00
Barge Canal construction	3,654,000 00
Sinking fund contributions, increase due to increase in outstanding bonds	1,500,000 00
Grade crossing appropriations (ignored for several years)	752,000 00
Constitutional Convention	500,000 00
Support of common schools (mandatory increase)	316,000 00
State Census	465,000 00
National Guard, deficiencies and maintenance items	340,000 00
Inadequate appropriation for canal maintenance	726,000 00
Deficiency in allowance for State hospitals	341,000 00
Deficiency, Workmen's Compensation Commission	425,000 00
Legislative printing	300,000 00

Indemnities for diseased animals (some claims 5 years old)	$432,722 00
Yorktown condemnation	80,000 00

AN INHERITED DEFICIENCY

"Every appropriation placed upon the books of the State should be represented by actual or assured resources to liquidate it. Facts submitted to me by the State Comptroller of conditions existing as of May 15, 1915, show that there are appropriations on the books of the State Comptroller's office (exclusive of those made by the present Legislature) which exceeded by $753,760.24 the actual or anticipated resources of the State up to September 30, 1915.

"This means that without regard to the appropriations of the present Legislature added revenues to the amount of $753,760.24 must be provided to meet these obligations or that existing appropriations where possible must be vetoed when presented for re-appropriation.

VETOES TO WIPE OUT DEFICIENCY

"I have vetoed items in the re-appropriation bill to the amount of $736,445.02. Under circumstances ordinarily prevailing in State finance, these vetoes would release moneys which could be applied to the liquidation of new appropriations. In this instance their effect is only to wipe out the amount of present deficiency between old appropriations and resources.

"As the result of this deplorable condition of State finance, it is obvious that no provision for the liquidation of the appropriation of the present Legislature can be made from existing surpluses, or from resources of the State up to October 1, 1915, which are mortgaged to meet old appropriations.

"To carry on the business of the State, we must therefore look to the anticipated indirect revenues of the next fiscal year and to the extent that these anticipated indirect revenues are insufficient they must be supplemented by direct revenues through the imposition of a direct State tax.

"While the liabilities imposed by the appropriations of the present Legislature apply in part to the present and in part to the next fiscal year, the resources to meet them must be drawn wholly from the next fiscal year. These resources as originally estimated by the State Comptroller are as follows:

From indirect taxes and miscellaneous sources	$40,000,000 00
From emergency, Excise tax	4,000,000 00
From direct tax	19,500,000 00
Total	$63,500,000 00

"As previously indicated, the items of the appropriations as approved by me aggregate $63,370,982.63.

"I am informed that the anticipated resources from the emergency Excise tax may not equal the amount originally estimated.

"At any rate, the provision for the payments of the obligations of the State as represented by the estimated revenues from direct and indirect sources do not assure a surplus at the end of the next fiscal year in excess of $130,000 even though the indirect and miscellaneous resources equal the estimated amounts.

"If the Canal referendum is approved at the next election, the general fund will be replenished to the amount of the present appropriation for canal construction, an

amount which under the circumstances may not more than meet deficiencies in other revenues.

INFORMATION FOR EVERYBODY

"I wish to state generally that full information is obtainable and will be freely given by the departments under my jurisdiction to those who desire the facts in relation to any or all of the items in these appropriations. My investigation has shown that similar information is available in the departments of the elected officers of the State, so that there is no reason for any person making a misstatement with regard to these matters unless the desire for so doing is deliberate."

COMPTROLLER TRAVIS' ANALYSIS

In a statement of the finances of New York State prepared by the Hon. Eugene M. Travis, State Comptroller, May 17, 1915, the conditions necessitating the levying of a direct State tax were discussed as follows:

"Were it not for the construction work and the resultant sinking fund requirements — that is, contributions required for the ultimate purpose of extinguishing the debt created for highway, canal and other construction or improvement — a direct tax would not be necessary, even though the revenues have failed. And again had the last administration made proper provision by direct tax for last year's sinking fund requirements, this year's tax would be materially reduced. The legislature of 1914 recognized the need for a direct tax and enacted the necessary legislation requiring the levy of a direct tax of $7,551,738.90, but this Governor Glynn vetoed, whereupon the Legislature appropriated this money from the general fund. The withdrawing of this amount has depleted the general fund of the working surplus which has always

been deemed necessary for the proper conduct of the State's business.

"A correct analysis of the present direct tax is as follows:

A direct tax of 1.7 mills on valuations of real and personal property in the State of $11,580,672,572 will amount to.....	$19,687,143 37

"The purposes which made this tax necessary are:

To reimburse the general fund for the amount withdrawn from the general fund as a sinking fund contribution during the year 1914–1915.....	$7,551,738 90	
To contribute to the sinking funds the amount required for the year 1915–1916.....	9,090,020 92	
To make in part the advances to the canal fund for completing the construction of the Barge canal.....	3,045,383 55	
		$19,687,143 37

"From the above, it is apparent that were it not for the sinking funds and the Barge Canal work, no direct tax would be needed by the State government. The State is now called upon to discharge the obligations which were placed upon it when the affirmative vote of New York City decreed that the Barge canal and highways should be constructed and the Palisades and the country many miles to the north turned into a playground for the

metropolis. The attitude of New York city as represented by its vote upon these propositions should be recalled to mind at this time when criticism is made from the direction of the action of the present State government. It is apparent that the Greater City has considered the canals a great benefit from the fact that when the $9,000,000 referendum was up in 1894 for improving the Erie, it was New York city's majority of 115,343 which carried this proposition. In 1903, on the $101,000,000 Barge Canal referendum, the up-State majority against it was 133,758 while Greater New York gave a majority of 389,071 for it, thereby carrying it. On the Palisades Park proposition, bonding the State for $2,500,000, up-State gave a majority against it of 101,208, while New York city gave a majority of 164,979 for it. On the referendum for $19,800,000 for Barge Canal terminals, up-State voted against it by a majority of 83,911 while New York's majority in favor of it was 88,327. Thus, it appears that none of these debts would have been increased except by the action of New York city. New Yorkers also voted large majorities for the two highway bond issues — 159,693 for the first and 76,254 for the second. Is it consistent or fair to complain now?

COMPTROLLER PRENDERGAST'S CONCLUSIONS

In a public statement in the New York Times of April 25, 1915, Comptroller Prendergast of New York city made an exhaustive analysis of the State's financial condition and pointed out why the State must raise over $19,000,000 by direct tax.

The following excerpts set forth his conclusions:

"It is my intention to tell here exactly why the State of New York needs $19,000,000. I shall do so, using the

best information obtainable from repeated and careful searches of the State record, and shall endeavor, in all cases where I lay the responsibility on individuals for this enormous State deficit, to explain my reasons for doing so.

"My interest in the direct tax is primarily as the financial officer of the city of New York. I sent representatives to Albany early in March — immediately after Governor Whitman sent his message to the Legislature, asking for a direct tax — with the intention of satisfying myself as to the need for this tax.

"The interest of the city of New York was clear. We pay a very large proportion — 72 per cent.— of direct taxes paid by the State, and it was my duty to scrutinize every factor which entered into that direct tax with just the same care that I aim to exercise in examining the items in the budget of the city of New York. In the case of the State tax my hope was, as an adviser with the State authorities, to relieve the city from financial burden.

"The authority which is vested in me as a member of the Board of Estimate in making city budgets was, of course, lacking, but nevertheless I desired to establish in my own mind what the requirements were, and then to work with Governor Whitman and the leaders of the Legislature in relieving the city from imposition, if it seemed to be impending.

"Mayor Mitchel and Mr. McAneny, President of the Board of Aldermen, have at various times and in sundry manners commented upon the State appropriations. When I sent my representative to Albany early in March, I may say that my information about the proposed State tax was precisely what they had and what they have since made public. It came from the same source.

"As the exhaustive analysis of my examiners progressed I became more and more convinced that there

were many cases of incomplete provision for the recognized expenses of the State this year. Where the responsibility for this state of affairs rests I hope to show below.

"If I may put it in a phrase, the State at least is entering upon a 'pay-as-you-go policy.' It is the intention of Governor Whitman and the Legislature to make the expenditures of a given year payable from the revenues of a given year. It has been the policy, of the State, carried to a fantastic extreme under Mr. Glynn, to shove into the future the payments of obligations currently incurred. Under any sane policy of finance provision should be made now for obligations incurred now. If, in my private affairs, I run up a bill, in all honesty, I must provide for the payment of the bill.

"Now, let me explain how the present figure for the direct tax is arrived at. Under the reformed policy of State finance all reasonable expectations of outgo must be balanced by income. The grand total of appropriation bills covering every factor of expense to October 1, 1916, as nearly as conscientious estimates can forecast them, is $63,546,546.61. This last figure correctly reflects the appropriation bills as they stand to-night, April 23, 1915.

"The revenues of the State include established indirect revenues of $40,000,000; revenues from the new indirect taxes of $4,000,000. The deficit is, in round figures $19,500,000, and if this figure were fixed as the amount, the direct tax would not provide a dollar in case any one of the indirect items failed to produce the anticipated revenue, nor would it allow anything for a working cash balance above obligations at the beginning of the fiscal year 1916–17."

NO DIRECT TAX IN 1916

The Republican Administration in 1916 has so devoted itself to the correction of faults in management and to preventing waste that no direct tax will be necessary this year.

THE 1915 DIRECT TAX FORESEEN BY GLYNN IN 1914

"By careful planning and by the exercise of my veto power I have reduced the State's appropriations to its actual revenues. For one year, at least, I have made it possible to suspend the imposition of a direct tax, although this is MERELY A TEMPORARY SUSPENSION. Hereafter the State must make up its mind TO PAY for the great improvements it has undertaken BY DIRECT TAX."

The foregoing statement was given out by Governor Glynn, April 27, 1914, and was published in every daily newspaper in the State. Look up your files.

A WORD ON THE NATIONAL SITUATION

SAVED BY WAR

The most careful surveys showed that where there was one man unemployed in 1913-14 there were two unemployed during the winter of 1914-15. Without exaggeration, it is conceded by those familiar with conditions that one out of every five bread winners was unemployed. This unemployment was concentrated in cities primarily, but the small towns and villages also felt the shock and found it necessary to organize relief measures.

An official canvass in Philadelphia showed 200,000 men unemployed; the house-to-house canvass of the Metropolitan Insurance Co., of its policyholders in New York, thrifty people ordinarily, gave the basis for an estimate of 357,000 men and women out of work in the entire city. The labor organizations in New York City estimated that 472,102 were either out of work or on part time. In Chicago in January the municipal markets commission estimated 189,866 out of work. A Cleveland survey in December showed 61,000 unemployed. The city charities in Philadelphia estimated that Philadelphia's unemployed numbered 175,000.

UNEMPLOYMENT

It was only the outbreak of the European War that saved this country from the continuation of such conditions and the multiplied evils of a protracted depression. The need of supplying great armies in the field prevented foreign countries from taking advantage of the low rate of the democratic tariff and left our home markets largely to our own people. Purchasers in this country of war munitions and supplies, reaching perhaps the enormous sum of $3,000,000,000, called the unemployed back into the mills and factories, and saved us temporarily from the worst effects of the Wilson-Underwood law.

The American people do not want to base their prosperity on the misfortunes of others. They want sane legislation, not a European conflagration as the basis of their employment and prosperity. And it is time now to plan for such

legislation. The war cannot last forever. At its close the gallant men who have carried the war banners on hard fought battlefields will again take up the pursuits of peace. The aim of the European countries will be to make goods for the world's markets instead of making war upon each other.

The great need of building up their industries, of recovering their place in the commerce of the world, of providing employment for millions of men released from service in the army, will place upon the European countries a pressure to seek foreign markets such as they have never known before.

The industrial plants of England, France and Germany have not been wrecked nor ruined by the war. They are more efficient now than before. England is supplying a large part of the needs of her army and the armies of the Allies, and is exporting about her usual quantity of goods. In France, notwithstanding the burdens of war that she has had to carry, 80 per cent of her industries are in effective operation. Germany's wonderful industrial system is stronger than it was before the war, and her mills and factories have not been harmed.

We are living in a fool's paradise if we think that there is no danger of an industrial invasion at the end of the war. We have the money of the world, the richest market on earth, and England, France and Germany will rush their goods here for sale at cost, or below cost if necessary, to convert their labor into gold. The Democratic tariff policy which was a "dismal failure" before the outbreak of the war will be utterly powerless to safeguard our workmen and our industries.

This country needs as it never needed before a protective tariff. Safety First should be our aim, and America First our watchword. In the army of industrial defence every patriotic American should enlist: not to wound and maim and kill, but to bring to our country protection and prosperity.

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